

NEVADA ELECTRIC INVESTMENT COMPANY

P.O. BOX 230  
LAS VEGAS, NEVADA 89151

MADE FILE  
L.D.B.  
J. Whitehead  
W.H.

RECEIVED

AUG 19 1985

June 27, 1985

DIVISION OF OIL  
GAS & MINING

Dianne Nielson  
Director  
Division of Oil, Gas  
and Mining  
State of Utah  
355 West North Temple  
3 Triad Center  
Suite 350  
Salt Lake City, Utah 84180-1203

SUBJECT: Wildhorse Properties

Dear Ms. Nielson:

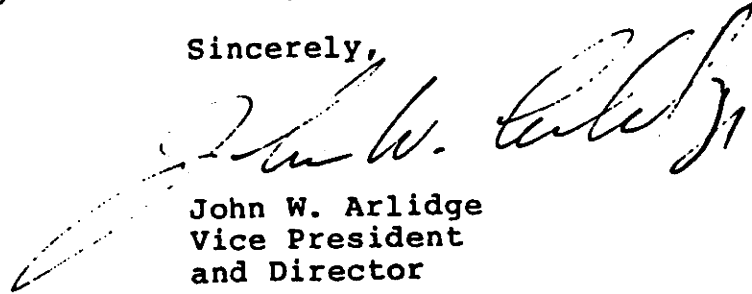
As you are aware, Nevada Electric Investment Company has investigated options available to it concerning the Permit Application Package filed by the Beaver Creek Coal Company with the State of Utah Division of Oil, Gas and Mining and the exploration road which provides access to potential portable sites for the Wildhorse Ridge coal property. Recently our consultant has contacted representatives of your Division regarding continuation of the exploration road pass the withdrawal of the Permit Application Package by Beaver Creek.

Although an initially identified course of action was for NEICO to assume responsibility for the Permit Application Package in order to allow the exploration road to remain open, subsequent review has identified a more preferable course of action. A legal review of existing statutes by our attorneys provides evidence to the conclusion that the exploration road can be retained without a pending permit action. Due to the present marketing conditions, NEICO does not wish to pursue the permitting of the property for mine development until a later date. However, NEICO would like to preserve the exploration road as private access on and to its property. To accomplish this, NEICO and Beaver Creek have agreed to allow Beaver Creek to perform certain work to stabilize the road. Certainly such action is subject to your Division's concurrence. Beaver Creek will perform the work identified in the attached June 20, 1985 letter. Upon acceptance of that work by your Division, NEICO will release Beaver Creek of any further obligation in regards of the Wildhorse property road and Beaver Creek will withdraw the Permit Application Package.

Dianne Nielson  
Wildhorse Properties  
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To assure your complete understanding of our proposal, I suggest that a meeting be arranged among your Division representatives, myself and representatives from Beaver Creek. If you feel it necessary, our attorneys could also attend. I will call you in approximately three to four days regarding such a meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "John W. Arlidge", is written over the typed name and title.

John W. Arlidge  
Vice President  
and Director

OWA/jh

Attachment

**BEAVER CREEK Coal Company**

Post Office Box AU  
Price, Utah 84501  
Telephone 801 637-5050



**J. A. Herickhoff**  
President

June 20, 1985

Mr. John W. Arlidge  
Vice President and Director  
Nevada Electric Investment Company  
P.O. Box 230  
Las Vegas, Nevada 89151

Dear Mr. Arlidge:

This letter will confirm our conversation in regards to the exploration road existing at Wild Horse Ridge.

NEICO desires to preserve the exploration road as private access to its property and would prefer that the road be reclaimed in a fashion that would preclude vehicular access but stabilize the existing road in order to increase the possibility of NEICO being able to develop or market the property.

We agreed that, subject to concurrence by the Utah DOGM, Beaver Creek would perform the following functions on the road.

- 1) Beaver Creek will clean out the entrance to the culverts and drainage ditches and repair culvert downspouts.
- 2) We would remove the plugged six inch culvert at the extreme upper pad.
- 3) We would lightly scarify the road surface to prepare a seedbed for grass.
- 4) Beaver Creek will construct waterbars where required to prevent rill erosion of the road surface.
- 5) Beaver Creek will re-seed the road surface area in the fall using fertilizer and mulch applied with a hydroseeder.
- 6) Beaver Creek will construct a lockable gate at the road entrance and clear the present berm out of the way.

Then subject to the DOGM concurrence, Beaver Creek will withdraw the PAP (Permit Application Package) for Wild Horse

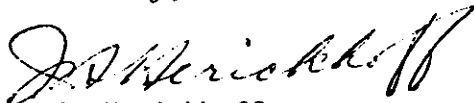
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Ridge. NEICO will then release Beaver Creek from any further obligation in regards to any reclamation to the Wild Horse Ridge property road.

Beaver Creek will work with NEICO and discuss with the DOGM the release and transfer back to NEICO of matters connected with the Wild Horse Ridge permit application.

I believe this represents our entire conversation. Should you have additional questions, please call.

Sincerely,



J.A. Herickhoff

JAH/rs